

Gas Market Leaders Group

Title	Gas Market Leaders Group – Synopsis of 22nd Meeting
Version	v1
Date	28 July 2009
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1 Introduction

The twenty-second meeting of the Gas Market Leaders Group (GMLG) was held in Melbourne on Tuesday 28 July 2009. This was the first GMLG meeting under the new governance arrangements. As of 1 July 2009, the GMLG has become an advisory body to the Australian Energy Market Operator (AEMO). The key matters considered at the meeting included:

2 MCE Approval of STTM Detail Market Design

Members were briefed on the Ministerial Council on Energy (MCE) meeting of 10 July 2009. Members noted that the MCE approved the STTM Detailed Market Design. It was also noted that apart from approval of the market parameters, there were no further decision points for MCE on the market design elements of the STTM.

It was reported that Ministers recognised the contribution of the GMLG in the completion of the STTM Detailed Market Design.

3 Market Operator Service (MOS) Cost Cap

Following extensive discussion and consideration of views presented by various segments of the gas industry, Members agreed on the MOS cost cap at \$50/GJ for market start.

Members recognised that this decision was a compromise in the aim of reaching a consensus position in the interests of the market and the industry-led process.

4 Pipeline Operator cost recovery

Members agreed in principle to pipeline operator cost recovery to undertake MOS allocations on the basis that this is a service to the market. The legal instruments will be amended to allow pipeline operators to seek cost recovery for the provision of MOS allocations, within an appropriate and transparent process.

5 Participant Compensation Fund

Following the decision of the GMLG to establish two funds at its July 2009 meeting, the GMLG agreed not to include a credit arrangement for the Participant Compensation Fund (PCF) and, consistent with the Victorian gas market and the National Electricity Market, the compensation is limited to the balance of the fund available, irrespective of the number of claims in any one year.

6 Legal Update

Members were briefed on the development of the National Gas Law (NGL) and National Gas Rules (NGR) amendments. Members noted that five submissions were received on the exposure draft of the NGL amendments; the key issue raised was pipeline and network immunity. Members also noted that the draft NGR amendments were released on 23 July 2009 for a six week public consultation period. Two forums will be held on the draft NGR amendments, one in Adelaide on 4 August 2009 and one in Sydney on 6 August 2009.

7 GMLG Terms of Reference

Given the change in governance arrangements, Members considered a draft Terms of Reference for the GMLG. Members endorsed the draft Terms of Reference and recommended these be approved by the AEMO Board.

8 Upcoming issues for GMLG

Members noted that the main issues for the GMLG meeting would be the settlement surplus cap, proposal to resolve treatment of inter-day MOS issues, and the approach to market administration triggers to be used to develop the STTM Procedures.

Members confirmed that the next meeting of the GMLG is to be held in Melbourne on Tuesday 25 August 2009.